

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

20006-2973

(202) 393-2266
FAX (202) 393-2156

OF COUNSEL
URBAN A. LESTER

19821

2 1995 1:00 PM

December 20, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are three (3) copies of a Security Agreement, dated as of December 20, 1995, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Debtor: ACF Industries, Incorporated
620 North Second Street
St. Louis, Missouri 63301

Secured Party: Pitney Bowes Credit Corporation
201 Merritt Seven
Norwalk, Connecticut 06856

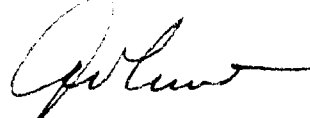
A description of the railroad equipment covered by the enclosed document is set forth on Schedules A and B attached thereto.

Mr. Vernon A. Williams
December 20, 1995
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return two (2) stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'R. Alvord', written in dark ink.

Robert W. Alvord

RWA/bg
Enclosures



Interstate Commerce Commission
Washington, D.C. 20423-0001

12/20/95

Office Of The Secretary

Robert W. Alvord
Alvord And Alvord
60 Sixteenth Street, NW., Ste. 200
Washington, DC., 20006-2073

Dear Sir.

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/20/95 at 4:30PM, and assigned recordation number(s). 16421 and 16427-A.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

19821

20 1995

PM

SECURITY AGREEMENT

BETWEEN

ACF INDUSTRIES, INCORPORATED

DEBTOR

AND

PITNEY BOWES CREDIT CORPORATION

SECURED PARTY

Dated as of December 20, 1995

SECURITY AGREEMENT

SECURITY AGREEMENT (Chattel Mortgage) dated as of December 20, 1995 (the "Security Agreement") between ACF Industries, Incorporated, a New Jersey corporation (the "Debtor") and Pitney Bowes Credit Corporation, a Delaware corporation (the "Secured Party"), parties to the Term Loan Agreement (the "Loan Agreement") dated as of December 20, 1995, as the same may be amended, modified or supplemented from time to time.

RECITALS

A. Pursuant to the terms of the Loan Agreement and subject to conditions therein set forth, the Secured party has agreed to make a loan to the Debtor in the principal amount of \$10,045,898.45 (the "Secured Loan").

B. Pursuant to the terms of that certain Amended and Restated Loan Agreement dated as of December 20, 1995, between Debtor and Secured Party, (the "Amended and Restated Loan Agreement") as the same may be amended, modified or supplemented from time to time, Secured Party has agreed to refinance an existing loan to Debtor in the principal amount of \$4,467,916.00 (the "Existing Loan").

Section 1. DEFINITIONS

1.1 Terms defined in the preamble hereof shall have their respective meanings when used herein and as used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Capitalized terms used but not defined here shall have the meanings assigned to them in the Loan Agreement. Defined terms in this Security Agreement shall include in the singular number the plural and in the plural number the singular.

"Amended and Restated Loan Agreement" shall have the meaning specified in the second recital hereof.

"Amended and Restated Note" shall mean the promissory note executed by Debtor in favor of Secured Party pursuant to the Amended and Restated Loan Agreement.

"Amended and Restated Security Agreement" shall mean that certain Amended and Restated Security Agreement dated as of December 20, 1995, between Debtor and Secured Party pursuant to the Amended and Restated

Loan Agreement as the same may be amended, modified or supplemented from time to time.

"Assigned Leases" shall have the meanings specified in Section 2.3 hereof.

"Assigned Lease Proceeds" shall have the meaning specified in Section 2.3 hereof.

"Casualty Loss" shall have the meaning specified in Section 5.2.

"Casualty Loss Proceeds" shall have the meaning specified in Section 5.2.

"Collateral" shall have the meaning specified in Section 2 hereof.

"Cost" shall mean, when used with respect to an Item of Equipment, the car cost for such Item of Equipment as set forth on Schedule 1.1 to the Loan Agreement.

"Debtor" shall mean ACF Industries, Incorporated.

"Equipment" shall have the meaning specified in Section 2.2.

"GAAP" shall mean generally accepted accounting principles.

"ICA" shall mean the Interstate Commerce Act, as amended.

"ICC" shall mean the Interstate Commerce Commission.

"Indebtedness Hereby Secured" shall mean (i) the principal of and interest on the Secured Loan and all additional amounts and other sums at any time due and owing from or required to be paid by Debtor under the terms of the Loan Agreement with respect to the Secured Loan, the Note of the Debtor issued pursuant thereto or this Security Agreement, and (ii) the principal of and interest on the Existing Loan and all additional amounts and other sums at any time due and owing from or required to be paid by Debtor under the terms of the Amended and Restated Loan Agreement with respect to the Existing Loan, the Amended and Restated Security Agreement, or the Amended and Restated Note.

"Item of Equipment" shall have the meaning specified in Section 2.2 hereof.

"Lien" shall have the meaning specified in Section 3.3 hereof.

"Loan Agreement" shall mean the Term Loan Agreement dated as of the date hereof between the parties to this Security Agreement, as the same may be amended, supplemented or modified from time to time.

"Note" shall mean the promissory note executed by Debtor in favor of Secured Party pursuant to the Loan Agreement.

"Permitted Lien" shall have the meaning specified in Section 3.3 hereof.

"Replacement Unit" shall have the meaning specified in Section 5.2(a) hereof.

"Secured Loan" shall have the meaning specified in the first recital hereof.

"Secured Party" shall mean Pitney Bowes Credit Corporation, a Delaware corporation.

"Security Agreement" shall mean this Security Agreement as specified in the first paragraph hereof.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York unless otherwise specified.

"Value" shall mean, with respect to an Item of Equipment subject to a Casualty Loss, the lesser of (a) the fair market value thereof as determined by the Secured Party at the time the Casualty Loss occurred with respect to such Item of Items of Equipment or (b) the Cost of such Items of Equipment less (1/10) of such Cost for each year elapsed between the date such Item of Equipment was first put into use and the date on which the Casualty Loss occurred.

Section 2. SECURITY

2.1 Grant of Security. The Debtor, in consideration of the premises and of the Secured Loan by the Secured Party to the Debtor and of Secured Party's willingness to refinance the Existing Loan and for other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on

(i) the Note and (ii) the Amended and Restated Note according to each such note's tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all covenants and conditions contained in the Loan Agreement, the Security Agreement, the Note, the Amended and Restated Loan Agreement, the Amended and Restated Security Agreements the Amended and the Restated Note and any related documents and agreements, does hereby transfer, convey, warrant, mortgage, deliver, pledge, assign, and grant to the Secured Party, its successors and assigns, a lien on and continuing security interest in, all and singular of the Debtor's present and future rights, title and interest in and to the properties, rights, interests and privileges described in Sections 2.2, 2.3 and 2.4 hereof (all of which properties are hereinafter collectively referred to as the "Collateral").

2.2 Equipment Collateral. Collateral includes certain railroad tank cars and covered hopper cars described on Schedules A and B hereto (collectively the "Equipment" or "Items of Equipment" and individually an "Item of Equipment") together with all accessories, equipment, parts and appurtenances appertaining or attached to such Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the accounts, chattel paper, contract rights, guaranties, bonds, insurance, deposit accounts, rents, issues, income, profits and avails therefrom and the proceeds thereof.

2.3 Rental Collateral. Subject to the Debtor's right to retain possession of the original Assigned Leases (as hereinafter defined) as described in Section 4 hereof, Collateral also includes all present and future right, title and interest of Debtor in and to each and every lease at any time relating to the Equipment, but only to the extent relating to Items of Equipment (each such lease to the extent it relates to Items of Equipment being an "Assigned Lease"), and all payments due and to become due under any Assigned Lease, whether as contractual obligations, damages or otherwise with respect to the Equipment (the "Assigned Lease Proceeds").

2.4 Additional Collateral. Collateral also includes any certificates of deposit pledged, or otherwise transferred or assigned, by the Debtor to the Secured Party pursuant to Section 5.2, together with all replacements and proceeds thereof, including any Casualty Loss Proceeds to which the Secured Party is entitled to hold as Collateral pursuant to Section 5.2 hereof.

Section 3. COVENANTS AND WARRANTIES OF THE DEBTOR

The Debtor covenants, warrants and agrees with the Secured Party until the Secured Loan is paid in full that:

3.1 Debtor's Duties. The Debtor shall perform, abide by and be governed by each and all of the terms, provisions, covenants and agreements set forth in this Security Agreement, the Loan Agreement and the Note and in each and every supplement thereto or amendment thereof which may at any time or from time to time to be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, covenants, amendments or supplements to the Loan Agreement were fully set out in an amendment or supplement to this Security Agreement. For any Assigned Lease the Debtor shall cause (1) the following legend to be placed upon each Assigned Lease:

"The rights and interests of ACF Industries, Incorporated under this Lease and all amendments, and riders hereto relating to certain railcars listed herein, and in such railcars, have been assigned to one or more financial institutions or banks listed on the page or pages at the end of this Lease and are subject to a first priority perfected security interest in favor of such financial institutions or banks. To the extent that this Lease constitutes chattel paper, no security interest in this Lease may be created or perfected through the transfer or possession of this counterpart."

and (2) the following legend to be placed upon each Rider to such Assigned Leases relating to the Equipment:

"This Lease, or a portion thereof is subject to the terms of a Security Agreement and a Term Loan Agreement by and between ACF INDUSTRIES, INCORPORATED and PITNEY BOWES CREDIT CORPORATION, each dated as of December 20, 1995."

and Debtor shall not allow any such legends to be altered, defaced, covered or removed without the prior written consent of the Secured Party.

3.2 Maintenance; Operation and Insurance.

(a) The Debtor at its own expense shall maintain and keep or cause to be maintained and kept each Item of Equipment in good order and repair at its or the lessee's own cost and expense.

(b) The Debtor shall operate or cause each lessee to operate each Item of Equipment exclusively within the territory of the United States of America and Canada.

(c)(i) The Debtor shall maintain, or cause to be maintained at its own expense, with responsible insurance companies acceptable to the Secured Party, property, liability and other insurance, on such of its properties, in such amounts, against such risks and in such form as is customarily maintained by similar businesses, and, in any event, with respect to liability insurance, in an amount not less than \$100 million, which insurance shall at all times include coverage for all liabilities covered under, and shall not include, any exclusions other than those set forth in the Debtor's policies of insurance as in effect on the date hereof.

(ii) For purposes of this Section 3.2, liability insurance may include a program of self-insurance for up to Five Million Dollars (\$5,000,000) of liability exposures; provided that under any such program of self-insurance the Debtor shall maintain, or cause to be maintained, adequate reserves on its books in accordance with GAAP, if applicable, to cover all risks not otherwise insured by an insurance company, and the Debtor shall, within thirty (30) days after the end of each of its fiscal quarters, deliver to the Secured Party a certificate of an executive officer or the treasurer of the Debtor setting forth evidence of the maintenance of such sufficient reserves as required herein and any other financial statements or records as the Secured Party may require or request with respect to such program of self-insurance.

(iii) The Debtor shall cause the Secured Party to be named as an additional insured and loss payee under all policies of insurance maintained pursuant to the provisions of this Section 3.2 and shall deliver to the Secured Party (x) on the date hereof, evidence in form and substance satisfactory to the Secured Party of such insurance policies, and (y) thereafter, thirty (30) days prior written notice before any cancellation, expiration, cessation, reduction in amount or change in coverage thereof shall become effective.

3.3 Preservation of Collateral. The Debtor will, at its expense, warrant and defend the title to the Collateral against all claims and demands of all third persons or persons claiming by, through or under the Debtor or any Lessee. The Debtor will not create, assume or suffer to exist any Lien on the Collateral other than Permitted Liens (as hereinafter defined) and shall promptly take such action as is reasonably necessary to remove any Lien that is not a Permitted Lien. As used herein, "Lien" shall mean any mortgage, pledge, security interest, encumbrance, lease, lien or charge of any kind, whether voluntary or involuntary (including any agreement to

give any of the foregoing), any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement under the Interstate Commerce Act ("ICA"), The Railway Act (Canada) or the Uniform Commercial Code ("UCC") of any jurisdiction). As used herein, "Permitted Liens" shall mean (a) the Lien created by this Security Agreement and the Assigned Leases; (b) the Lien of taxes, assessments or governmental charges or levies which are not at the time due; and (c) the Lien of taxes (including without limitation ERISA liens), assessments or governmental charges or levies which are delinquent but the amount or the validity of which is being contested in good faith by appropriate action if the Debtor shall have set aside on its books such reserves as determined in accordance with Debtor's then current practices and adequate in accordance with GAAP, provided that such proceeding shall suspend the collection of such taxes, assessments or governmental charges and the security interest in the Collateral, or any part thereof, would not be adversely affected or forfeited during the period of such contest; (d) Liens incurred and pledges and deposits made in connection with worker's compensation, unemployment insurance, old-age pensions and other social security or retirement benefits or similar legislation or in connection with public or statutory obligations of the Debtor or any of its Subsidiaries; provided that such Liens are not delinquent or are being contested in good faith and provided that, if delinquent, adequate reserves determined in accordance with Debtor's then current practices have been set aside with respect thereto and by reason of nonpayment, no Collateral is subject to a risk of loss or forfeiture (e) Liens created by statute (other than those described in clauses (b), (c), and (d) above), arising in the ordinary course of business of the Debtor with respect to obligations which are not delinquent or being contested in good faith, provided that, if delinquent, adequate reserves determined in accordance with Debtor's then current practices have been set aside with respect thereto and, by reason of nonpayment, no Collateral is subject to a risk of loss or forfeiture; (f) mechanics', materialmen's, suppliers', warehousemen's and similar Liens for services and materials for which payment is not overdue or the payment of which is being contested in good faith by appropriate proceedings and provided that adequate reserves determined in accordance with Debtor's then current practices have been set aside with respect thereto and, by reason of nonpayment, no Collateral is subject to a risk of loss or forfeiture; and (g) a Lien consented to in writing by the Secured Party.

3.4 Further Assurances. The Debtor will, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers, waivers, subordinations and assurances deemed necessary by the Secured Party for the continued perfection and first priority of the

security interest in the Collateral, whether now owned or hereafter acquired.

3.5 Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party with the ICC, the Registrar General for Canada under The Railway Act (Canada) and any other federal, state, or local filing authority in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and any supplements thereto, opinions of counsel for the Debtor, which opinions shall be in form and substance satisfactory to the Secured Party.

3.6 Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Secured Party, upon the occurrence and during the continuance of an Event of Default, its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for and sue for any and all Assigned Lease Proceeds hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Assigned Lease Proceeds and the security intended to be afforded hereby.

3.7 Chief Executive Office. The chief executive office of Debtor is located at 620 North Second Street, St. Charles, Missouri 63301.

Section 4. SPECIAL-PROVISIONS CONCERNING LEASES

Until the occurrence of an Event of Default, Debtor may, subject to the following, exercise all of the Debtor's rights, powers, privileges and remedies under the Assigned Leases, including, without limitation, the right to receive any and all scheduled monies due or to become due (other than prepayments of rent, and other like early payments, which, if received by the Debtor, immediately shall be delivered to the Secured Party and which shall be applied in the inverse order of maturity to the principal balance outstanding under the Note) under the Assigned Leases, and to retain possession of the original Assigned Leases. Notwithstanding the foregoing,

the Debtor shall not amend, modify or alter the terms of any Assigned Lease without the prior written consent of the Secured Party other than amendments, modifications or alterations made in the Debtor's ordinary course of business in connection with Debtor's servicing of the Items of Equipment relating to the Assigned Leases.

Section 5. POSSESSION AND USE OF EQUIPMENT

5.1 Possession of Collateral. So long as no Event of Default has occurred and is continuing, the Debtor and each lessee party to an Assigned Lease (provided such lessee is not in default under the Assigned Lease) shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral including without limitation the Assigned Lease itself, and to manage, operate and use the Collateral and each part thereof with the rights and franchises pertaining to the Collateral.

5.2 Casualty Loss; Insurance Proceeds.

(a) In the event that at any time prior to occurrence of an Event of Default or an event which with the giving of notice or the lapse of time or both would constitute an Event of Default shall have occurred and be continuing any Item of Equipment listed on Schedule A hereto (or any Replacement Unit (as defined below) that has replaced an Item of Equipment on Schedule A hereto) is destroyed or irreparably damaged or is lost, stolen or missing for a period in excess of sixty (60) days, taken by any governmental entity (including without limitation condemnation, confiscation, requisition taking of title or use by any governmental entity) or otherwise, due to its condition, becomes unusable in the business of the Debtor (any of the foregoing is deemed a "Casualty Loss"), at the option of the Debtor, on or prior to 45 days after the occurrence of a Casualty Loss, either (i) the Debtor shall replace such Item of Equipment with a replacement unit of Rolling Stock of at least equal Value and utility as determined by the Secured Party, such Item of Equipment shall be free of any Lien, the Secured Party shall have a perfected first priority Lien thereon, and such Item of Equipment shall be subject to a lease, the terms of which and the lessee thereunder shall be acceptable to the Secured Party (a "Replacement Unit"), or (ii) the Debtor shall pay or cause to be paid to Secured Party an amount equal to the product of (x) the then outstanding principal balance of the Secured Loan and (y) a fraction, the numerator of which is the Cost of such Item of Equipment and the denominator of which is the aggregate Cost of all Items of Equipment immediately prior to the occurrence of the Casualty Loss with respect to such Item of Equipment, which amount Secured Party shall apply to the prepayment of the principal balance outstanding under the Note, such prepayment

to be applied in the inverse order of maturity or (iii) provided the Value of the Item of Equipment subject to Casualty Loss does not exceed 10% of the then outstanding principal balance under the Note, the Debtor may pledge, transfer and assign to the Secured Party a certificate of deposit in an amount equal to the Value of the Item of Equipment subject to the Casualty Loss, which certificate of deposit shall be in form and substance and issued by a financial institution acceptable to the Secured Party. If the Debtor complies with clauses (i), (ii) or (iii) above, any casualty proceeds with respect to such Item of Equipment payable to the Debtor or to the Secured Party as a result of such Casualty Loss, whether in respect of insurance proceeds, indemnity or other payments made by lessees party to Assigned Leases or railroads, condemnation awards or otherwise (collectively, "Casualty Loss Proceeds") shall be retained by or paid to the Debtor. Except as provided in the preceding sentence, to the extent that the Debtor shall receive any Casualty Loss Proceeds, such proceeds shall be held in trust for the benefit of the Secured Party and shall be promptly turned over to the Secured Party in the exact form received (except for any necessary endorsements) to be held by the Secured Party, together with any Casualty Loss Proceeds received by the Secured Party, as Collateral. Notwithstanding the foregoing, the Debtor shall not be required to take any of the actions specified in clauses (i), (ii) or (iii) above unless and until 5 Items of Equipment listed on Schedule A hereto (or any Replacement Unit that has replaced an Item of Equipment on Schedule A hereto) are subject to a Casualty Loss and, after Debtor complies with any of clauses (i), (ii) and (iii) above after 5 such Items of Equipment are subject to Casualty Loss, for the purposes of determining when Debtor is again required to comply with any of clauses (i), (ii) and (iii) above, the number of Items of Equipment then subject to a Casualty Loss shall be reset to zero (0).

If an Event of Default occurs and is continuing, the Secured Party may apply any certificate of deposit then held as Collateral and the proceeds thereof in accordance with Section 6.3 hereof.

(b) So long as no Event of Default or an event which with the giving of notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing, in the event that an Item of Equipment has been subject of a Casualty Loss and the Debtor has satisfied the requirements of subsection (a)(iii) of this Section 5.2, the Debtor may at any time substitute a Replacement Unit and withdraw any certificate of deposit previously pledged to the Secured Party in respect of such Item of Equipment which had been the subject of a Casualty Loss.

(c) So long as no Event of Default or an event which with the giving of notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing, upon the request of Debtor, the Secured Party shall, at Debtor's expense, execute and deliver releases in a form reasonably satisfactory to the Debtor releasing (i) all the Secured Party's interest in and to any Item of Equipment which was subject to a Casualty Loss and as to which the Debtor has complied with clauses (i), (ii) or (iii) of Section 5.2 hereof, and (ii) any Item of Equipment listed on Schedule A hereto (or any Replacement Unit that has replaced an Item of Equipment on Schedule A hereto) from the Lien of this Security Agreement, provided, however, that no Item of Equipment shall be so released unless the Debtor shall replace such Item of Equipment with a Replacement Unit. Clause (ii) above is in addition to any rights of the Debtor pursuant to Section 5.1(a) and 5.2(b) hereof.

(d) Upon written request of the Debtor, the Secured Party shall, at the Debtor's expense, execute and deliver releases in form reasonably satisfactory to the Debtor releasing all of the Secured Party's interest in and to any Item of Equipment which was released pursuant to Section 5 of the Amended and Restated Security Agreement.

Section 6. SECURED PARTY'S RIGHTS

6.1 The Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in either the Loan Agreement or the Amended and Restated Loan Agreement has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, at law or in equity, including without limitation those rights and remedies of a secured party under the ICA, The Railway Act (Canada) and the UCC (regardless of whether such UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), and the Secured Party shall also have the following rights and remedies:

(a) To accelerate all amounts owing pursuant to the Loan Agreement and the Note.

(b) To accelerate all amounts owing pursuant to the Amended and Restated Loan Agreement and the Amended and Restated Note.

(c) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without

notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral including without limitation any and all Assigned Leases, or use and operate or lease the Collateral until sold.

(d) Any Collateral repossessed by the Secured Party under or pursuant to this Section may be sold, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, at public or private sale, and in general in such manner, at such time or times, at such place or places and on such terms as the Secured Party may, in compliance with any mandatory requirements of applicable law, determine. The Debtor will, at its expense and upon demand of the Secured Party, assemble the Collateral and make it available to the Secured Party at such location(s) as may be required by the Secured Party. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Secured Party or after any overhaul or repair which the Secured Party shall determine. To the extent permitted by any requirement of law, the Secured Party may itself bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to Debtor (except to the extent of surplus money received). In the payment of the purchase price therefor, the Secured Party shall be entitled to have credit on account of the purchase price thereof of amounts owing to the Secured Party on account of the Indebtedness Hereby Secured and the Secured Party may deliver the claims for interest on or principal of the Secured Loan or other Indebtedness Hereby Secured in lieu of cash. If, under mandatory requirements of applicable law, the Secured Party shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to Debtor as hereinabove specified, the Secured Party need give Debtor as herein above specified only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

(e) The Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other legal or equitable remedy available under applicable law.

(f) The Secured Party may proceed to enforce any collection rights with respect to any Assigned Leases, including the direct collections of any rights thereunder. The Secured Party may also immediately cash in, negotiate or realize on any Collateral pledged to it, including, without limitation, any certificates of deposit held pursuant to Section 5 hereof.

6.2 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold, or any part thereof under, by or through the Debtor, its successors or assigns.

6.3 Application of Sale Proceeds. The proceeds resulting from any foreclosure of the Collateral, or any part thereof, and the proceeds of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of all amounts owing or unpaid on the Secured Loan for principal and interest;

(c) Third, to the payment of all amounts owing or unpaid on the Existing Loan and any other amounts then owing with respect to the Indebtedness Secured Hereby; and

(d) Fourth, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same it being understood that Debtor shall remain liable to the Secured Party to the extent of any deficiency.

6.4 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor and Secured Party shall be restored to their former positions and rights hereunder with

respect to the property subject to the security interest created under this Security Agreement.

6.5 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor or any lessee, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

6.6 Indemnity and Certain Costs and Expenses.

(a) The Debtor agrees to indemnify, protect and hold harmless the Secured Party from and against all losses, damages, injuries, liabilities, claims and demands (all the foregoing losses, damages, etc. are the "indemnified liabilities"), and expenses in connection therewith (including, but not limited to, reasonable counsel fees and expenses, penalties and interest) arising out of or as the result of (i) entering into or the performance of this Security Agreement, the retention by the Secured Party of a security interest in the Collateral, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or repossession of any of the Equipment or (ii) any accident in connection with the operation, lease, use, condition, possession, storage or repossession of any of the Collateral resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Secured Party or during the period of the transfer of such security interest in the Collateral by the Secured Party pursuant to any of the provisions of this Security Agreement; provided, however, that the Debtor shall have no obligation to so indemnify the Secured Party, for any indemnified liabilities arising from the Secured Party's willful misconduct or gross negligence.

(b) In addition to the Secured Party's rights under

Section 7.8 hereof, any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorney's fees and legal expenses incurred by the Secured Party in connection with the preparation of this Security Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of financing statements and other documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, insurance premiums, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or the enforcing, foreclosing, retaking, holding, storing, processing, selling or otherwise realizing upon the Collateral and the Secured Party's security interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to the transaction to which this Security Agreement relates, shall be borne and paid by the Debtor on demand by the Secured Party and until so paid shall be added to the principal amount of the Indebtedness Hereby Secured and shall bear interest at the Default Rate as prescribed in the Note.

Section 7. MISCELLANEOUS

7.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not. Nothing herein, however, shall allow the Debtor to assign any rights or obligations hereunder except in accordance with the Loan Agreement.

7.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

7.3 Communications. All notices and other communications provided for herein shall be given as provided in Section 7.2 of the Loan Agreement.

7.4 Termination. This Security Agreement and the security interest granted hereby shall terminate when the Secured Loan has been fully and finally paid, at which time the Secured Party shall, upon written request of the Debtor and at the Debtor's expense, execute and deliver to the Debtor all releases (in recordable form) and UCC termination statements and such similar documents or instruments which the Debtor shall reasonably request to evidence such termination. If the

Existing Loan is fully and finally paid and no Event of Default or an event which with the giving of notice or the lapse of time or both would constitute an Event of Default shall have occurred and be continuing, then the security interests granted hereby in the Items of Equipment listed on Schedule B hereto and the Assigned Leases covering such Items of Equipment shall terminate, and upon written request of the Debtor and at Debtor's expense, the Secured Party shall execute and deliver to the Debtor all releases (in recordable form) and UCC termination statements and such similar documents or instruments which the Debtor shall reasonably request to evidence such termination.

7.5 Governing Law. This security Agreement shall be construed in accordance with and governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303 and such additional rights, arising out of the filing, recording or deposit hereof, if any.

7.6 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together constituting only one Security Agreement.

7.7 Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

7.8 Costs and Expenses. The Debtor agrees to pay to the Secured Party all costs and expenses, including reasonable attorneys' fees, incurred by the Secured Party in the enforcement of this Security Agreement whether or not an action is filed in connection therewith.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

DEBTOR:

ACF INDUSTRIES, INCORPORATED

By



[Printed Name and Title]

SECURED PARTY:

PITNEY BOWES CREDIT CORPORATION

By

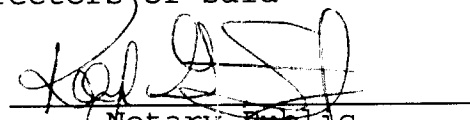


Tyler C. Franzillo
Region Credit Manager

[Printed Name and Title]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ^{18th} day of December, 1995, before me personally came Robert J. Mitchell to me known, who being by me duly sworn, did depose and say that he resides at Woodbury, New York, that he is the Senior Vice President-Finance and Secretary of ACF Industries, Incorporated the corporation described in and which executed the foregoing instrument, and that he signed his name thereto on the date hereof by order of the board of directors of said corporation.



Notary Public

ROBYN G. STEINBERG
Notary Public, State of New York
No. 01ST5026264
Qualified in New York County
Commission Expires April 18, 1996

State of Connecticut)
)
County of Fairfield) ss:

On this 15th day of December, 1995, before me personally came Tyler G. Tranzillo to me known, who being by me duly sworn, did depose and say that he resides at

201 Merritt Seven, Norwalk, CT 06856, that he is the Regional Credit Manager of PITNEY BOWES CREDIT CORPORATION, the corporation described in and which executed the foregoing instrument, and that he signed his name thereto on the date hereof by order of the board of directors of said corporation.


Notary Public

AIDA VELAZQUEZ
NOTARY PUBLIC
MY COMMISSION EXPIRES OCT. 31, 1999

SCHEDULE A
EQUIPMENT

ACF INDUSTRIES, INC.								
RPTG	CAR	AAR	RPTG	CAR	AAR	RPTG	CAR	AAR
MARK	NUMBER	DESG	MARK	NUMBER	DESG	MARK	NUMBER	DESG
ACFX	42550	C614	ACFX	95663	T055	ACFX	200014	T104
ACFX	42551	C614	ACFX	95664	T055	ACFX	200015	T104
ACFX	42552	C614	ACFX	95665	T055	ACFX	200019	T104
ACFX	42553	C614	ACFX	95666	T055	ACFX	200020	T104
ACFX	42554	C614	ACFX	95667	T055	ACFX	200021	T104
ACFX	42555	C614	ACFX	95668	T055	ACFX	200023	T104
ACFX	42556	C614	ACFX	95669	T055	ACFX	200025	T104
ACFX	42557	C614	ACFX	95670	T055	ACFX	200027	T104
ACFX	42558	C614	ACFX	95671	T055	ACFX	200028	T104
ACFX	42559	C614	ACFX	95672	T055	ACFX	200029	T104
ACFX	42560	C614	ACFX	95673	T055	ACFX	200030	T104
ACFX	42561	C614	ACFX	95674	T055	ACFX	200031	T104
ACFX	42562	C614	ACFX	95675	T055	ACFX	200032	T104
ACFX	42563	C614	ACFX	95676	T055	ACFX	200033	T104
ACFX	42592	C614	ACFX	95677	T055	ACFX	200034	T104
ACFX	42595	C614	ACFX	95678	T055	ACFX	200035	T104
ACFX	42596	C614	ACFX	95679	T055	ACFX	200036	T104
ACFX	42597	C614	ACFX	95680	T055	ACFX	200037	T104
ACFX	42600	C614	ACFX	95681	T055	ACFX	200038	T104
ACFX	42601	C614	ACFX	95682	T055	ACFX	200039	T104
ACFX	42602	C614	ACFX	95683	T055	ACFX	200040	T104
ACFX	42603	C614	ACFX	95684	T055	ACFX	200041	T104
ACFX	42604	C614	ACFX	95685	T055	ACFX	200042	T104
ACFX	42605	C614	ACFX	95686	T055	ACFX	200043	T104
ACFX	42606	C614	ACFX	95687	T055	ACFX	200044	T104
ACFX	42612	C614	ACFX	95688	T055	ACFX	200045	T104
ACFX	42614	C614	ACFX	95689	T055	ACFX	200046	T104
ACFX	42616	C614	ACFX	95690	T055	ACFX	200047	T104
ACFX	42617	C614	ACFX	95691	T055	ACFX	200048	T104
ACFX	42618	C614	ACFX	95692	T055	ACFX	200049	T104
ACFX	42619	C614	ACFX	95693	T055	ACFX	200050	T104
ACFX	42620	C614	ACFX	95694	T055	ACFX	200052	T104
ACFX	42621	C614	ACFX	95695	T055	ACFX	200055	T104
ACFX	42622	C614	ACFX	95696	T055	ACFX	200056	T104
ACFX	42623	C614	ACFX	95697	T055	ACFX	200057	T104
ACFX	42624	C614	ACFX	95698	T055	ACFX	200058	T104
ACFX	42625	C614	ACFX	95699	T055	ACFX	200059	T104
ACFX	42626	C614	ACFX	95700	T055	ACFX	200060	T104
ACFX	42627	C614	ACFX	95985	T105	ACFX	200062	T104
ACFX	42628	C614	ACFX	95989	T105	ACFX	200063	T104
ACFX	42629	C614	ACFX	95990	T105	ACFX	200085	T104
ACFX	42630	C614	ACFX	95993	T105	ACFX	200086	T104
ACFX	42631	C614	ACFX	95994	T105	ACFX	200087	T104
ACFX	42632	C614	ACFX	95995	T105	ACFX	200088	T104
ACFX	42633	C614	ACFX	95996	T105	ACFX	200090	T104
ACFX	42634	C614	ACFX	95997	T105	ACFX	200091	T104
ACFX	42635	C614	ACFX	95998	T105	ACFX	200094	T104
ACFX	42636	C614	ACFX	95999	T105	ACFX	200095	T104
ACFX	42637	C614	ACFX	200008	T104	ACFX	200096	T104
ACFX	42638	C614	ACFX	200013	T104	ACFX	200097	T104

SCHEDULE A
EQUIPMENT

			ACF INDUSTRIES, INC.					
RPTG	CAR	AAR	RPTG	CAR	AAR	RPTG	CAR	AAR
MARK	NUMBER	DESG	MARK	NUMBER	DESG	MARK	NUMBER	DESG
ACFX	200098	T104						
ACFX	200153	T105						
ACFX	200154	T105						
ACFX	200155	T105						
ACFX	200158	T104						
ACFX	200159	T104						
ACFX	200160	T104						
ACFX	200161	T104						
ACFX	200162	T104						
ACFX	200163	T104						
ACFX	200164	T104						
ACFX	200165	T104						
ACFX	200166	T104						
ACFX	200167	T104						
ACFX	200168	T104						
ACFX	200169	T104						

166 CARS

SCHEDULE ~~A~~ E
EQUIPMENT
ACF INDUSTRIES, INC.

RPTG MARK	CAR NUMBER	AAR DESG	RPTG MARK	CAR NUMBER	AAR DESG	RPTG MARK	CAR NUMBER	AAR DESG
ACFX	41501	C214	ACFX	41502	C214	ACFX	41503	C214
ACFX	41504	C214	ACFX	41505	C214	ACFX	41506	C214
ACFX	41507	C214	ACFX	41508	C214	ACFX	41509	C214
ACFX	41510	C214	ACFX	41511	C214	ACFX	41512	C214
ACFX	41513	C214	ACFX	41514	C214	ACFX	41515	C214
ACFX	41516	C214	ACFX	41517	C214	ACFX	41518	C214
ACFX	41519	C214	ACFX	41520	C214	ACFX	41521	C214
ACFX	41522	C214	ACFX	41523	C214	ACFX	41524	C214
ACFX	41525	C214	ACFX	41526	C214	ACFX	41527	C214
ACFX	41528	C214	ACFX	41529	C214	ACFX	41530	C214
ACFX	41531	C214	ACFX	41532	C214	ACFX	41533	C214
ACFX	41534	C214	ACFX	41535	C214	ACFX	41536	C214
ACFX	41537	C214	ACFX	41538	C214	ACFX	41539	C214
ACFX	41540	C214	ACFX	41541	C214	ACFX	41542	C214
ACFX	41543	C214	ACFX	41544	C214	ACFX	41545	C214
ACFX	41546	C214	ACFX	41547	C214	ACFX	41548	C214
ACFX	41549	C214	ACFX	41550	C214	ACFX	41551	C214
ACFX	41552	C214	ACFX	41553	C214	ACFX	41554	C214
ACFX	41555	C214	ACFX	41556	C214	ACFX	41557	C214
ACFX	41558	C214	ACFX	41559	C214	ACFX	41560	C214
ACFX	41561	C214	ACFX	41562	C214	ACFX	41563	C214
ACFX	41565	C214	ACFX	41566	C214	ACFX	41567	C214
ACFX	41568	C214	ACFX	41569	C214	ACFX	41570	C214
ACFX	41571	C214	ACFX	41572	C214	ACFX	41573	C214
ACFX	41574	C214	ACFX	41575	C214	ACFX	41576	C214
ACFX	41577	C214	ACFX	41578	C214	ACFX	41579	C214
ACFX	41580	C214	ACFX	41581	C214	ACFX	41582	C214
ACFX	41583	C214	ACFX	41584	C214	ACFX	41585	C214
ACFX	41586	C214	ACFX	41587	C214	ACFX	41588	C214
ACFX	41589	C214	ACFX	41590	C214	ACFX	41591	C214
ACFX	41592	C214	ACFX	41593	C214	ACFX	41594	C214
ACFX	41595	C214	ACFX	41596	C214	ACFX	41597	C214
ACFX	41598	C214	ACFX	41599	C214	ACFX	41600	C214
ACFX	41823	C214	ACFX	41848	C214	ACFX	41850	C214
ACFX	41854	C214	ACFX	41857	C214	ACFX	41858	C214
ACFX	41862	C214	ACFX	41863	C214	ACFX	41864	C214
ACFX	41865	C214	ACFX	41869	C214	ACFX	41871	C214
ACFX	41872	C214	ACFX	41873	C214	ACFX	41874	C214
ACFX	41876	C214	ACFX	65858	C414	ACFX	65859	C414
ACFX	65860	C414	ACFX	65861	C414	ACFX	65862	C414
ACFX	65865	C414	ACFX	65866	C414	ACFX	65869	C414

TOTAL CARS 123